STAND. COM. REP. NO. 197-16

Honolulu, Hawaii March 24, 2016 RE: S.B. No. 2833 S.D. 2 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2833, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE LOW-INCOME HOUSING TAX CREDIT,"

begs leave to report as follows:

SB2833 HD1 HSCR HSG HMS 2016-2810

The purpose of this measure is to increase funding for affordable rental housing development by making the state lowincome housing tax credit more valuable. Specifically, this measure reduces the applicable credit period of the state-low income housing tax credit from ten years to five years.

The Governor's Coordinator on Homelessness; Department of Taxation; Department of Human Services; Department of Business, Economic Development, and Tourism; Hawaii Housing Finance and Development Corporation; In-State Partners; Hawai'i Association of Realtors; Catholic Charities Hawaii; Building Industry Association of Hawaii; Land Use Research Foundation of Hawaii; Chamber of Commerce Hawaii; Hawaii Women's Coalition; and an individual supported this measure. The Tax Foundation of Hawaii provided comments. Your Committee has amended this measure by:

- Changing the aggregate state housing credit dollar amount available for award annually to an amount equal to the amount allocated to the State under section 42(h) of the Internal Revenue Code;
- (2) Basing the amount of the low-income housing tax credit on whether or not a building is financed by tax-exempt bonds;
- (3) Repealing the requirement to apply at-risk rules according to section 42(k) of the Internal Revenue Code;
- (4) Specifying that section 42(k) and section 465 (with respect to deductions limited to amount at risk) and section 469 (with respect to passive activity losses and credits limited) of the Internal Revenue Code do not apply with respect to investments in buildings and projects claiming low-income housing tax credits; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2833, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2833, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Housing,

MARK J. MASHEM, Chair



State of Hawaii House of Representatives The Twenty-eighth Legislature



Record of Votes of the Committee on Housing

Bill/Resolution No.: 5B 2833,5D2	Committee Referral: HSG1, FM	Date:	14116	
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: □ Pass, unamended (as is) Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. HASHEM, Mark J. (C)				
2. JORDAN, Jo (VC)				
3. BELATTI, Della Au				\checkmark
4. CREAGAN, Richard P.				
5. KOBAYASHI, Bertrand				
6. MORIKAWA, Dee				
7. OSHIRO, Marcus R.				
8. FUKUMOTO CHANG, Beth				
			<u> </u>	
		· · · · · · · · · · · · · · · · · · ·		
TOTAL (8)	5	Đ-	Ð	3
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				